

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

#

W-02448A

High Country Pines Water Company, Inc.  
9630 N. 25th Ave., Suite 450  
Phoenix AZ 85021

**RECEIVED**

MAR 24 2005

AZ Corporation Commission  
Director Of Utilities

**ANNUAL REPORT**

**FOR YEAR ENDING**

<b>12</b>	<b>31</b>	<b>2004</b>
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FOR COMMISSION USE

<b>ANN04</b>	<b>04</b>
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## COMPANY INFORMATION

<b>Company Name (Business Name)</b> <u>HIGH COUNTRY PINES WATER COMPANY</u>			
Mailing Address <u>9630 N 25<sup>TH</sup> AVE, #450</u>			
(Street)			
<u>PHOENIX</u>	<u>AZ</u>	<u>85021</u>	
(City)	(State)	(Zip)	
<u>(602) 264-2181</u>	<u>(602) 324-4784</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>ghorne@iprocorp.com</u>			
Local Office Mailing Address <u>SAME</u>			
(Street)			
(City)	(State)	(Zip)	
Local Office Telephone No. (Include Area Code)			
Fax No. (Include Area Code)			
Pager/Cell No. (Include Area Code)			
Email Address _____			

## MANAGEMENT INFORMATION

<b>Management Contact:</b> <u>JON CHENEY</u>			
(Name)			
(Title)			
<u>P.O. BOX 1760</u>	<u>PAYSON</u>	<u>AZ</u>	<u>85547</u>
(Street)	(City)	(State)	(Zip)
<u>(928) 537-8600</u>		<u>(928) 601-3497</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address _____			
<b>On Site Manager:</b> <u>SAME</u>			
(Name)			
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)			
Fax No. (Include Area Code)			
Pager/Cell No. (Include Area Code)			
Email Address _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.



**Statutory Agent:** RICHARD SALLQUIST

(Name)

2525 E AZ BILTMORE CIR #117

(Street)

PHOENIX

(City)

AZ

(State)

85016

(Zip)

(602) 224-9222

Telephone No. (Include Area Code)

(602) 224-9366

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Attorney:** SAME

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) \_\_\_\_\_

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☒ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE



**COMPANY NAME****HIGH COUNTRY PINES WATER COMPANY****UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
301	Organization	5,167		5,167
302	Franchises			
303	Land and Land Rights	3,450		3,450
304	Structures and Improvements	10,348	6,413	3,935
307	Wells and Springs	34,135	26,913	7,222
311	Pumping Equipment	30,614	21,870	8,744
320	Water Treatment Equipment	4,625	1,189	3,436
330	Distribution Reservoirs and Standpipes	79,048	29,238	49,810
331	Transmission and Distribution Mains	543,367	194,050	349,317
333	Services	8,505	6,705	1,800
334	Meters and Meter Installations	6,621	1,977	4,644
335	Hydrants	19,016	8,756	10,260
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	18,214	14,969	3,245
	<b>TOTALS</b>	<b>763,110</b>	<b>312,080</b>	<b>451,030</b>

This amount goes on the Balance Sheet Acct. No. 108



**COMPANY NAME****HIGH COUNTRY PINES WATER COMPANY****CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (1)</b>	<b>Depreciation Percentage (2)</b>	<b>Depreciation Expense (1x2)</b>
301	Organization	5,167		
302	Franchises			
303	Land and Land Rights	3,450		
304	Structures and Improvements	10,348	5%	345
307	Wells and Springs	34,135	5%	1,137
311	Pumping Equipment	30,614	5%	3,827
320	Water Treatment Equipment	4,625	5%	154
330	Distribution Reservoirs and Standpipes	79,048	5%	1,755
331	Transmission and Distribution Mains	543,367	5%	10,867
333	Services	8,505	5%	283
334	Meters and Meter Installations	6,621	5%	551
335	Hydrants	19,016	5%	380
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	18,214		911
	SUBTOTAL	763,110		20,210
	CIAC AMORTIZATION			(3,905)
	TOTALS	763,110		16,305

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.



**ULLMANN  
& COMPANY P.C.**  
Certified Public Accountants

To The Board of Directors of  
High Country Pines Water Company  
Phoenix, Arizona

We have compiled the balance sheet of High Country Pines Water Company as of December 31, 2004 and 2003, and the related comparative statement of income and expense for the years then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

All other information contained in the accompanying prescribed form has not been audited, reviewed, or compiled by us and, accordingly, we assume no responsibility for that information.

*Ullmann & Company*

ULLMANN & COMPANY, P.C.  
Certified Public Accountants

March 16, 2005



<b>COMPANY NAME</b> <b>HIGH COUNTRY PINES WATER COMPANY</b>
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**BALANCE SHEET**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 6,354	\$ 34,388
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	39	694
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	434	676
162	Prepayments	546	891
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>\$ 7,373</b>	<b>\$ 36,649</b>
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 761,952	\$ 763,110
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	291,870	312,080
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	<b>TOTAL FIXED ASSETS</b>	<b>\$ 470,082</b>	<b>\$ 451,030</b>
	<b>TOTAL ASSETS</b>	<b>\$ 477,455</b>	<b>\$ 487,679</b>

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.



**COMPANY NAME****HIGH COUNTRY PINES WATER COMPANY****BALANCE SHEET (CONTINUED)**

<b>Acct. No.</b>		<b>BALANCE AT BEGINNING OF YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$ 3,634	\$ 3,399
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	225	225
236	Accrued Taxes	1,228	2,429
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 5,087	\$ 6,053
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 36,000	\$ 32,000
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction	446,097	443,891
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	195,248	195,248
272	Less: Amortization of Contributions	55,100	59,005
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 586,245	\$ 580,134
	<b>TOTAL LIABILITIES</b>	\$ 627,332	\$ 618,187
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 150,446	\$ 150,446
211	Paid in Capital in Excess of Par Value	13,522	13,522
215	Retained Earnings	(313,845)	(294,476)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ (149,877)	\$ (130,508)
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 477,455	\$ 487,679



COMPANY NAME

HIGH COUNTRY PINES WATER COMPANY

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 68,876	\$ 78,911
460	Unmetered Water Revenue		
474	Other Water Revenues	260	1,285
	<b>TOTAL REVENUES</b>	<b>\$ 69,136</b>	<b>\$ 80,196</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ -	\$ -
610	Purchased Water		
615	Purchased Power	5,559	5,613
618	Chemicals	276	258
620	Repairs and Maintenance	872	1,207
621	Office Supplies and Expense		
630	Outside Services	25,457	26,662
635	Water Testing		
641	Rents	0	58
650	Transportation Expenses		
657	Insurance - General Liability	1,089	1,158
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case	1,690	2,771
675	Miscellaneous Expense	213	185
403	Depreciation Expense	16,209	16,305
408	Taxes Other Than Income		
408.11	Property Taxes	1,949	3,256
409	Income Tax	45	45
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 53,359</b>	<b>\$ 57,518</b>
	<b>OTHER INCOME/EXPENSE</b>		
419	Interest and Dividend Income	\$ 777	\$ 290
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	5,139	3,600
	<b>TOTAL OTHER INCOME/EXP</b>	<b>\$ (4,362)</b>	<b>\$ (3,310)</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ 11,415</b>	<b>\$ 19,368</b>



**SUPPLEMENTAL FINANCIAL DATA****Long-Term Debt**

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued	1/1/1987			
Source of Loan				
ACC Decision No.				
Reason for Loan	PLANT IMP.			
Dollar Amount Issued	\$ 49,371	\$	\$	\$
Amount Outstanding	\$ 32,000	\$	\$	\$
Date of Maturity	DEMAND			
Interest Rate	10%	%	%	%
Current Year Interest	\$ 3,600	\$	\$	\$
Current Year Principle	\$ 4,000	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 4,960

Meter Deposits Refunded During the Test Year

\$ 817



COMPANY NAME HIGH COUNTRY PINES WATER COMPANY

**WATER COMPANY PLANT DESCRIPTION**

**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
<u>1</u>	<u>30</u>	<u>104</u>		<u>8</u>	<u>N/A</u>	

\* Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
<u>10</u>	<u>2</u>	<u>51</u>	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
<u>60,000</u>	<u>1</u>	<u>5,000</u>	<u>1</u>
<u>100,000</u>	<u>1</u>		



COMPANY NAME

HIGH COUNTRY PINES WATER COMPANY

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)****MAINS**

Size (in inches)	Material	Length (in feet)
2		
3	PVC	1160
4		
5		
6	PVC	24604
8	PVC	14455
10		
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	157
3/4	
1	1
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	1
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

**TREATMENT EQUIPMENT:**

LIQUID CHLORINATOR

**STRUCTURES:**

PUMPHOUSE 18' X 20'

CHAIN LINK FENCING 320'

**OTHER:**



COMPANY NAME: HIGH COUNTRY PINES WATER COMPANY

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	147	245,395	245.40
FEBRUARY	148	148,105	148.11
MARCH	149	491,425	491.43
APRIL	152	568,775	568.78
MAY	154	2,299,710	2,299.71
JUNE	157	2,520,530	2,520.53
JULY	157	1,855,510	1,855.51
AUGUST	157	860,480	860.48
SEPTEMBER	157	854,310	854.31
OCTOBER	157	449,600	449.60
NOVEMBER	158	380,660	380.66
DECEMBER	159	351,675	351.68
TOTAL		NA	11,026.20

Is the Water Utility located in an ADWR Active Management Area (AMA)?

( ) Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes (X) No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system. .0055 mg/l  
(If more than one well, please list each separately.)

**Note: If you are filing for more than one system, please provide separate data sheets for each system.**



**COMPANY NAME** HIGH COUNTRY PINES WATER COMPANY **YEAR ENDING 12/31/2004**

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 2,050

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



COMPANY NAME HIGH COUNTRY PINES WATER COMPANY YEAR ENDING 12/31/2004

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>0</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>18,921</u>
Estimated or Actual State Tax Liability	<u>1,313</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>N/A</u>
Amount of Gross-Up Tax Collected	<u>N/A</u>
Total Grossed-Up Contributions/Advances	<u>N/A</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
SIGNATURE

3/23/05  
DATE

Gregory G. Horne  
PRINTED NAME

President  
TITLE



RECEIVED

MAR 24 2005

AZ Corporation Commission  
Director Of Utilities

VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only

VERIFICATION  
STATE OF ARIZONA  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME)
MARICOPA
NAME (OWNER OR OFFICIAL) TITLE
GREGORY HORNE, PRESIDENT
COMPANY NAME
HIGH COUNTRY PINES WATER COMPANY

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 84,853


(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 4,657  
IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

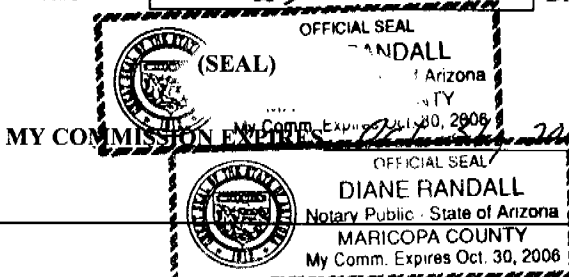
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 23 DAY OF

  
SIGNATURE OF OWNER OR OFFICIAL  
602 264 2181  
TELEPHONE NUMBER

COUNTY NAME
MARICOPA
MONTH
MARCH
2005

  
SIGNATURE OF NOTARY PUBLIC





**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

**RECEIVED**

MAR 24 2005

AZ Corporation Commission  
Director Of Utilities

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME)	MARICOPA	
NAME (OWNER OR OFFICIAL)	GREGORY HORNE	TITLE PRESIDENT
COMPANY NAME	HIGH COUNTRY PINES WATER COMPANY	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.


**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>67,084</u>

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 3,682  
IN SALES TAXES BILLED, OR COLLECTED)

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

  
SIGNATURE OF OWNER OR OFFICIAL  
602-264-2181  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS**

23
----

**DAY OF**

NOTARY PUBLIC NAME <u>Diane Randall</u>	
COUNTY NAME <u>MARICOPA</u>	
MONTH <u>MARCH</u>	20 <u>05</u>

(SEAL)

MY COMMISSION EXPIRES  
  
DIANE RANDALL  
Notary Public of Arizona  
MARICOPA COUNTY  
My Comm. Expires Oct. 30, 2006

X   
SIGNATURE OF NOTARY PUBLIC



**ULLMANN  
& COMPANY P.C.**  
Certified Public Accountants

To The Board of Directors  
High Country Pines Water Company  
Phoenix, Arizona

We have compiled the accompanying balance sheet of High Country Pines Water Company (a corporation) as of December 31, 2004, and the related statement of income for the year then ended, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

This report is intended solely for the information and use of the owners, management, and others within the company and is not intended to be and should not be used by anyone other than these specified parties.



Ullmann & Company, P.C.  
Certified Public Accountants

March 16, 2005



**High Country Pines Water Company**  
**Balance Sheet**  
**December 31, 2004**  
**(Compiled)**

**ASSETS**

**Utility Plant**

Plant in Service	\$ 763,110
Accumulated Depreciation	(312,080)
<b><u>Net Plant in Service</u></b>	<b>\$ 451,030</b>

**Current Assets**

Cash	\$ 34,388
Accounts Receivable	694
Prepaid Expenses	891
Plant Materials and Supplies	676
<b><u>Total Current Assets</u></b>	<b>\$ 36,649</b>

<b><u>Total Assets</u></b>	<b>\$ 487,679</b>
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**STOCKHOLDER'S EQUITY & LIABILITIES**

**Stockholder's Equity**

Common Stock	\$ 150,446
Paid-in Capital	13,522
Retained Earnings	(294,476)
<b><u>Total Stockholder's Equity</u></b>	<b>\$ (130,508)</b>

<b><u>Long-Term Debt</u></b>	<b>\$ 32,000</b>
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**Current Liabilities**

Accounts Payable	\$ 3,399
Customer Security Deposits	225
Accrued Taxes	2,429
<b><u>Total Current Liabilities</u></b>	<b>\$ 6,053</b>

**Deferred Liabilities**

Meter Deposits	\$ 4,960
Advances In Aid of Construction	438,931
<b><u>Total Deferred Liabilities</u></b>	<b>\$ 443,891</b>

<b><u>Contributions in Aid of Construction</u></b>	<b>\$ 136,243</b>
--	-------------------

<b><u>Total Stockholder's Equity &amp; Liabilities</u></b>	<b>\$ 487,679</b>
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See Accountants' Compilation Report



**High Country Pines Water Company**  
**Statement of Income**  
**For the Year Ended December 31, 2004**  
**(Compiled)**

**Income**

**Operating Revenue**

Water Sales	\$ 78,911
Other Operating Revenue	1,285
<b><u>Total Operating Revenue</u></b>	<b>\$ 80,196</b>

**Operating Expenses**

Purchased Pumping Power	\$ 5,613
Water Testing	258
Repairs and Maintenance	1,207
Outside Services	26,662
Rent	58
General Insurance	1,158
Regulatory Commission Expense	2,771
Miscellaneous Expenses	185
Property Taxes	3,256
Income Tax Expense	45
Depreciation	16,305
<b><u>Total Operating Expenses</u></b>	<b>\$ 57,518</b>

<b><u>Operating Income</u></b>	<b><u>22,678</u></b>
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**Other Income (Expenses)**

Interest and Dividend Income	\$ 290
Interest Expense	(3,600)
<b><u>Total Other Income (Expenses)</u></b>	<b>\$ (3,310)</b>

<b><u>Net Income</u></b>	<b>\$ 19,368</b>
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**See Accountants' Compilation Report**



TO PAY (2003 HALF)	PAY	677.85
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NOTE: 2ND HALF TAKES DELINQUENT AFTER MAY 1, 2004

TO PAY (2003 HALF)	PAY	747.90
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NOTE: 2ND HALF TAKES DELINQUENT AFTER MAY 1, 2004

1000 Form 1000 (4/2000)  
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912-20-610 9

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HCW

2003 TAX NOTICE

JAN 1, 2004  
DEC 31, 2003

COUNTY OF NAVAJO

ARIZONA ADDRESS: P O BOX 666  
HOLBROOK AZ 86025

LEGAL DESCRIPTION SECTION TUN RNC ACRES .23 USE 5500  
TOTAL VALUE OF OPERATING PROPERTY  
207-02-148 6,207

TAX MAP NUMBER	76719
PARCEL IDENTIFICATION	912-20-610 9
TAX AREA CODE	0610

IMPORTANT - SEE REVERSE SIDE  
FOR COMPLETE EXPLANATION OF  
YOUR 2003 TAX NOTICE AND  
PAYMENT INSTRUCTIONS.

85015 912-20-610 9 76719

HIGH COUNTRY PINES WATER CO  
GREG MORNE/PRESIDENT  
1990 W CAHELBACK ROAD  
#100  
PHOENIX AZ 85015

2003 TAX SUMMARY (3)

PRIMARY AD VALOREM TAX	975.4
LESS: STATE AID FOR REDEMPTION	.00
NET PRIMARY AD VALOREM TAX	975.4
SECONDARY AD VALOREM TAX	512.4
SPECIAL AD VALOREM TAX	.00

PAY TOTAL OR HALF TAX

TOTAL TAX DUE	1487.8
HALF TAX	743.9

DELINQUENCY DATES  
1ST HALF MAY 1, 2004  
2ND HALF MAY 1, 2004

THIS IS THE ONLY NOTICE YOU WILL RECEIVE  
AND RECEIPT WILL BE SENT SEPARATELY

PRIMARY PROPERTY TAX CALCULATION (1)

ITEM	UNITED VALUE	ADJUSTED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND, BLDGS, ETC.	6207	6207	0	0.1572	975.4
PERSONAL PROPERTY	0	0	0	0.0000	.00
TOTALS	6207	6207	0		975.4

SECONDARY PROPERTY TAX CALCULATION (2)

ITEM	UNITED VALUE	ADJUSTED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND, BLDGS, ETC.	6207	6207	0	0.0827	512.4
PERSONAL PROPERTY	0	0	0	0.0000	.00
TOTALS	6207	6207	0		512.4

2002-2003 TAX COMPARISON (5)

TAX CODE	TAX JURISDICTION	2002 TAX	2003 TAX	2002 TOTAL	2003 TOTAL	DIFFERENCE
02000	NAVAJO COUNTY	741	900	741	900	159
08001	SCHOOL EQUALIZATION	732	100	732	75	-657
07006	HEBER-OVERGARD SD #6	6406	1304	6406	9202	-1296
08150	NORTHLAND PIONEER COLLEGE	1675	361	1675	2257	-411
11205	HEBER-OVERGARD PD	00	1208	00	1208	-1208
11900	FIRE DISTRICT ASSISTANCE FUND	00	155	00	155	-155
14900	NAVAJO COUNTY LIBRARY DISTRICT	00	31	00	31	-31
15728	NAVAJO COUNTY FCD	00	312	00	312	-312
21255	HEBER-OVERGARD SANITARY DISTRICT	00	562	00	488	-74
25999	PUBLIC HEALTH SERVICE DISTRICT	00	116	00	103	-13
30000	NORTHERN ARIZONA VIT	00	74	00	78	-4
	TOTALS	9554	4724	9554	14108	-4554

TEAR OFF ABOVE LISTED LINES

TEAR OFF ABOVE LISTED LINES

MANUEL HERNANDEZ  
NAVAJO CO. TREASURER  
P O BOX 666  
HOLBROOK AZ 86025

HIGH COUNTRY PINES WATER  
#100  
PHOENIX AZ 85015

IF TOTAL TAX DUE IS \$100.00 OR LESS FULL AMOUNT IS DUE NOW  
SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF NOTICE  
ENTER ADDRESS CORRECTLY ON BASIS OF THIS NOTICE

2003 2ND HALF COLLECT

TO PAY (2003 HALF)	PAY	743.9
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NOTE: 2ND HALF TAKES DELINQUENT AFTER MAY 1, 2004

PLEASE RETURN TO: P.O. BOX 666  
HOLBROOK AZ 86025  
HOLBROOK AZ 86025

HIGH COUNTRY PINES WATER  
#100  
PHOENIX AZ 85015

IF TOTAL TAX DUE IS \$100.00 OR LESS FULL AMOUNT IS DUE NOW  
SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF NOTICE  
ENTER ADDRESS CORRECTLY ON BASIS OF THIS NOTICE

2003 2ND HALF COLLECT

TO PAY (2003 HALF)	PAY	743.9
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NOTE: 2ND HALF TAKES DELINQUENT AFTER MAY 1, 2004

1000 Form 1000 (4/2000)  
099122061000920030000007439

099122061000920030000007439

743.9  
743.9



NOTE: 2ND HALF TAXES DELINQUENT AFTER MAY 1, 2004

NOTE: 1ST HALF TAXES DELINQUENT AFTER NOV 1, 2003

10/21/2003 13:53 9285244211 10/21/2003 13:53

LOCAL FORM 7 (Rev. 10/2003)

0990170307005200300000007359

0990170307005200300000007359

912-20-607 1

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## 2003 TAX NOTICE

JAN 1, 2004  
DEC 31, 2003

COUNTY OF NAVAJO

ARIZONA ADDRESS: P O BOX 559

HOLBROOK AZ 86025

LEGAL DESCRIPTION SECTION: TUN RMC ACRES  
TOTAL VALUE OF OPERATING PROPERTY

USE 5500

TAX MAP NUMBER
76718
PARCEL IDENTIFICATION
912-20-607 1
TAX MAP CODE
0807

IMPORTANT - SEE REVERSE SIDE  
FOR COMPLETE EXPLANATION OF  
YOUR 2003 TAX NOTICE AND  
PAYMENT INSTRUCTIONS

85015 912-20-607 1 76718

HIGH COUNTRY PINES WATER CO  
GREG HORNE/PRESIDENT  
1090 W CARLBACK ROAD  
#100  
PHOENIX AZ 85015

## 2003 TAX SUMMARY (3)

PRIMARY AD VALOREM TAX	1222.26
LESS STATE CREDIT TO EDUCATION	.00
NET PRIMARY AD VALOREM TAX	1222.26
SECONDARY AD VALOREM TAX	533.44
SPECIAL DISTRICT TAX	.00

PAY TOTAL OR HALF TAX

TOTAL TAX (SEE 1)	1755.70
HALF TAX	877.85

DELINQUENCY DATES  
1ST HALF: NOV 1, 2003  
2ND HALF: MAY 1, 2004

THIS IS THE LAST NOTICE FOR THIS PROPERTY  
AND PAYMENT MUST BE SENT IMMEDIATELY

ITEM	LIMITED VALUE	AD VALOREM ASSESSED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND, BLDGS, ETC.	1210.250	303		0.82634	1.906
PERSONAL PROPERTY	76583.250	19140		0.82634	15735.0
TOTALS	77793.5	19443			17640.6

ITEM	LIMITED VALUE	AD VALOREM ASSESSED VALUE	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND	0.250			0.82634	.00
BLDG, ETC.	1210.250	303		0.82634	1.906
PERSONAL PROPERTY	76583.250	19140		0.82634	15735.0
TOTALS	77793.5	19443			17640.6

TAX CODE	TAX JURISDICTION	NO. PARCELS	NO. ACRES	NO. BLDGS	NO. TOTAL	TOTAL TAX
08000	NAVAJO COUNTY	9288	.00	9288	10500	1218
02001	SCHOOL EQUALIZATION	9174	.00	9174	7430	1743
07006	HEBER-OVERGARD SD 86	90274	19961	100235	91057	9179
08150	NORTHLAND PIONEER COLLEGE	23498	4521	29017	22101	5916
11265	HEBER-OVERGARD FD	.00	23908	23908	18085	5823
11900	FIRE DISTRICT ASSISTANCE FUND	.00	1943	1943	1920	425
14900	NAVAJO COUNTY LIBRARY DISTRICT	.00	380	380	309	90
15728	NAVAJO COUNTY FCD	.00	.64	.64	118	257
21255	HEBER OVERGARD SANITARY DISTRICT	.00	110	110	104	274
29999	PUBLIC HEALTH SERVICE DISTRICT	.00	1476	1476	1005	471
30000	NORTHERN ARIZONA VIT	.00	272	272	760	212
TOTALS		12328	55544	10500	15100	17557.0

YEAR OF ALLOTTED LINES

YEAR OF ALLOTTED LINES

MANUEL HERNANDEZ  
NAVAJO CO. TREASURER  
P O BOX 559  
HOLBROOK AZ 86025

HIGH COUNTRY PINES WATER  
#100  
PHOENIX AZ 85015

IF TOTAL TAX IS FIGURED AS FULL AMOUNT, SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF NOTICE.  
OTHERWISE, SEE INSTRUCTIONS ON REVERSE SIDE OF NOTICE.

2003 2ND HALF COUPON

TO PAY 2ND HALF	PAY	877.85
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NOTE: 2ND HALF TAXES DELINQUENT AFTER MAY 1, 2004

10/21/2003 13:53 9285244211 10/21/2003 13:53

LOCAL FORM 7 (Rev. 10/2003)

09912206070012003000000087795

MANUEL HERNANDEZ  
NAVAJO CO. TREASURER  
P O BOX 559  
HOLBROOK AZ 86025

HIGH COUNTRY PINES WATER  
#100  
PHOENIX AZ 85015

IF TOTAL TAX IS FIGURED AS FULL AMOUNT, SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF NOTICE.  
OTHERWISE, SEE INSTRUCTIONS ON REVERSE SIDE OF NOTICE.

2003 1ST HALF COUPON

TO PAY 1ST HALF	PAY	877.85
TO PAY FULL YEAR TAX	PAY	1755.70

NOTE: 1ST HALF TAXES DELINQUENT AFTER NOV 1, 2003

912-20-610 9

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## Navajo County Treasurer

INVOICE DATE	INVOICE #	QUICK PAY DESCRIPTION	AMOUNT
		1st half 912-20-610 9	74.39
		1st half 912-20-607 1	877.85

*2nd H due  
5/1/04*

## SENT TO:

CK DATE	10/24/03	Post Office Box 668		
CK #	0293	Holbrook	AZ	86025
				\$952.24

HIGH COUNTRY PINES WATER CO.

0323

## Navajo County Treasurer

INVOICE DATE	INVOICE #	QUICK PAY DESCRIPTION	AMOUNT
		2nd half 912-20-610 9	74.39
		2nd half 912-20-607 1	877.85

## SENT TO:

CK DATE	4/22/04	Post Office Box 668		
CK #	0323	Holbrook	AZ	86025
				\$952.24